
RUSSIA, IRAN CONSIDER RAIL LINK TO SNAG SHARE OF SUEZ TRAFFIC

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Russia and Iran agreed to strengthen transport connections, including a potential railway link through Azerbaijan that would aim to grab a share of the cargo now being shipped through the Suez Canal.

Russian President Vladimir Putin and his Iranian counterpart, Hassan Rouhani, discussed the plan during a rare joint visit to Azerbaijan on Monday. The fight against terrorism and maritime boundaries in the Caspian Sea were also among the topics of discussion, according to a statement distributed to journalists in the Azeri capital, Baku.

If the rail link to Iran is built, it can take some share of the cargo that's being transported via Suez, Russian Transport minister Maxim Sokolov said in an interview. Plans for the railroad may be completed next year, he said.

Azeri President Ilham Aliyev has offered to help finance the so-called North-South transportation corridor, which he touted as a project of great importance in connecting Europe and Asia. Rouhani earlier said Azerbaijan had agreed to provide half of the funding needed to extend the Iranian rail network to the Azeri border.

The only country bordering both Russia and Iran, Azerbaijan is seeking to position itself as a major transportation hub. The former Soviet Union's third-largest crude producer is using oil revenue to build the Caspian region's biggest seaport 70 kilometers (44 miles) south of the capital. It's also funding the construction of a railway link that will connect central Asia with Europe via Azerbaijan, Georgia and Turkey.

Market Access

The North-South corridor would have some advantages over existing routes, including the one running through the Suez Canal, Yuriy Ushakov, an aide to the Russian president, said last week. The project, which has been discussed since 2008, is expected to get a major push after the three countries' presidents discussed it for the first time, he said.

Russia would be able to use the new route to export goods to Asian markets and the Gulf region, Elxan Shahinoglu, head of the Atlas research center in Baku, said by e-mail. It would also provide a shorter passage for Iranian goods to northern and eastern Europe, he said.

Azerbaijan's railway system is already connected with that of Russia. The state-owned International Bank of Azerbaijan will lend Iran \$500 million to extend the Iranian network to the border, Trend

news service reported in June, citing Ali Noorzad, head of the Iranian Co. for Construction and Development of Transportation Infrastructure. Talks continue on the loan agreement, Noorzad said, adding that the estimated cost of the project is \$1.1 billion.

Kaynak/Source: